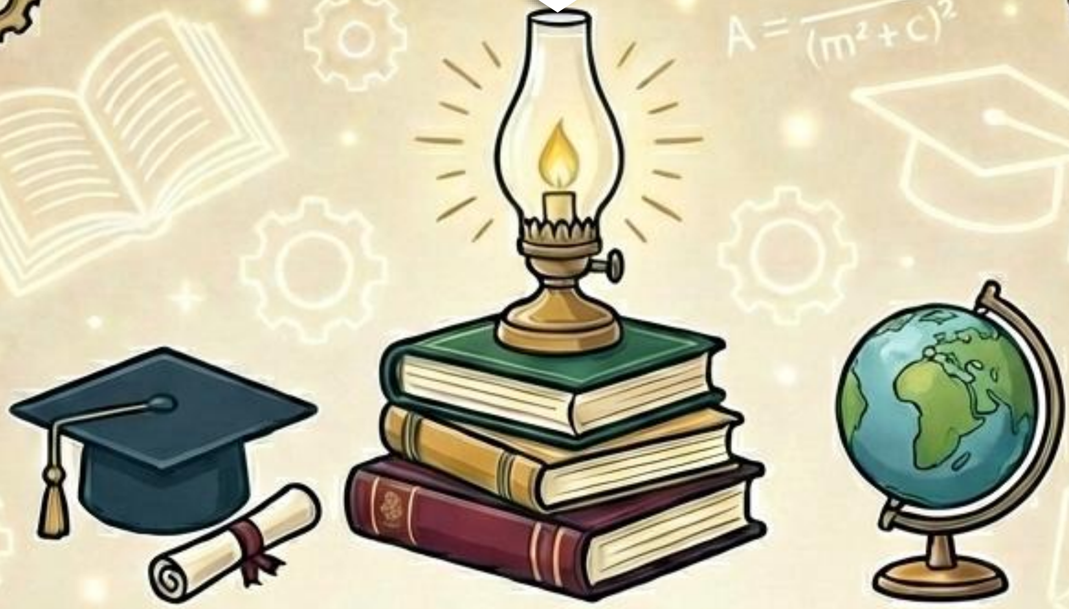

NIOS PYQ's SOLUTIONS

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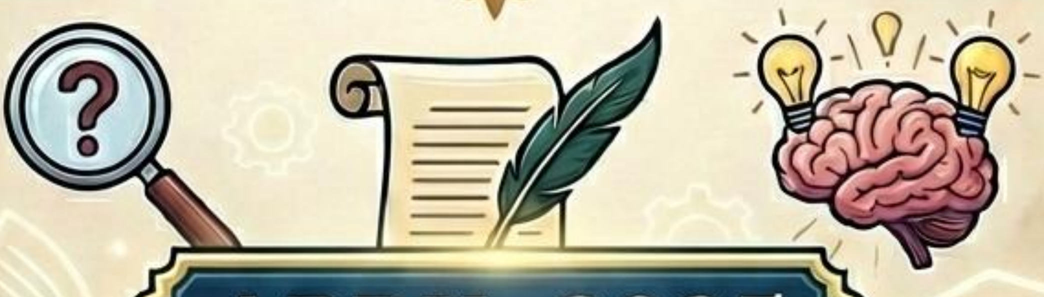


APRIL-2025

Your Path to Success

SECTION - A

Q1. Which factor is included in the economic environment?

(A) Tax policies **(B) Cultural values**

(C) Demographic changes **(D) Social trends**

Answer – (A) Tax policies

Q2. Which of the following is not a step in the planning process?

(A) Setting objectives **(B) Developing premises**

(C) Staffing employees **(D) Implementing the plan**

Answer – (C) Staffing employees

Q3. 'India selling spices to the USA' is an example of:

(A) import trade **(B) retail trade**

(C) export trade **(D) internal trade**

Answer – (C) export trade

Q4. The full form of B2C in E-commerce is:

(A) Business-to-Consumer **(B) Business-to-Company**

(C) Buyer-to-Company **(D) Buyer-to-Consumer**

Answer – (A) Business-to-Consumer

Q5. The market where already issued securities are traded is called:

(A) primary market **(B) secondary market**

(C) money market **(D) capital market**

Answer – (B) secondary market

Q6. Entrepot trade refers to:

(A) importing goods for local consumption

(B) exporting goods to another country

(C) importing goods and then re-exporting them without using them

(D) trading within the same country

Answer – (C) importing goods and then re-exporting them without using them

Q7. Which of the following best describes a private company?

(A) Can issue shares to the public

(B) Must have at least 7 members

(C) Restricts transfer of shares

(D) Requires a minimum capital of 1 crore

Answer – (C) Restricts transfer of shares

Q8. A self-employed person earns money through:

(A) monthly salary

(B) profits from business or services

(C) government pension

(D) daily wages

Answer – (B) profits from business or services

Q9. Which source of finance does not require repayment?

(A) Loans

(B) Equity shares

(C) Debentures

(D) Bonds

Answer – (B) Equity shares

Q10. Which form of advertising allows direct interaction with the audience?

(A) Television

(B) Radio

(C) Internet advertising

(D) Newspaper

Answer – (C) Internet advertising

Q11. The main purpose of performance appraisal is to:

(A) fire employees

(B) evaluate employee's performance

(C) reduce workload

(D) increase competition among employees

Answer – (B) evaluate employee's performance

Q12. The document that contains rules and regulations for the internal management of a company is:

(A) Articles of Association **(B) Memorandum of Association**

(C) Prospectus **(D) Balance Sheet**

Answer – (A) Articles of Association

Q13. Debentures are a type of:

(A) equity financing **(B) debt financing**

(C) short-term financing **(D) government subsidy**

Answer – (B) debt financing

Q14. Which of the following is not a type of internal trade?

(A) Wholesale trade **(B) Retail trade**

(C) Import trade **(D) Local trade**

Answer – (C) Import trade

Q15. The first step in the controlling process is:

(A) taking corrective actions **(B) setting performance standards**

(C) comparing actual performance **(D) identifying deviations**

Answer – (B) setting performance standards

Q16. Which of the following is a component of financial planning?

(A) Determining capital requirements **(B) Making business policies**

(C) Managing human resources **(D) Selling goods to customers**

Answer – (A) Determining capital requirements

Q17. Which of the following is an example of the legal environment?

(A) Banking policies **(B) The Consumer Protection Act**

(C) Inflation rate **(D) Population growth**

Answer – (B) The Consumer Protection Act

Q18. Which of the following is not a financial market instrument?

(A) Commercial paper **(B) Certificate of deposit**

(C) Treasury bills **(D) Consumer goods**

Answer – (D) Consumer goods

Q19. Which of the following government schemes supports self-employment in India?

(A) Pradhan Mantri Awas Yojana **(B) MUDRA Loan Scheme**

(C) Mid-day Meal Scheme **(D) Sarva Shiksha Abhiyan**

Answer – (B) MUDRA Loan Scheme

Q20. The payment method in which customers pay when goods are delivered is called:

(A) prepaid payment **(B) cash on delivery (CoD)**

(C) net banking **(D) credit card payment**

Answer – (B) cash on delivery (CoD)

SECTION - B

Q21. Fill in the blanks :

(a) _____ refers to buying goods from the manufacturers or wholesalers and selling the same to the final consumers.

Answer – Retail Trade

(b) _____ refers to buying of goods in large quantities from producers or manufacturers for sale to other traders.

Answer – Wholesale Trade

Q22. Give any two examples of self-employment.

Answer –

1. Running your own grocery store.
2. Offering your services as an independent graphic designer or mechanic.

Q23. Give two characteristics of internal trade.

Answer –

1. This is done within the geographical boundaries of the country.
2. Payments are made in the country's local currency (such as the rupee).

Q24. Name any two E-commerce business.

Answer – Two examples of E-commerce businesses are:

1. **Amazon:** A leading global online marketplace where buyers and sellers connect to trade a wide variety of goods over the internet.
2. **Flipkart:** A major Indian e-commerce company that provides a digital platform for customers to purchase electronics, fashion, groceries, and other products online.

Q25. State the elements of directing.

Answer – The four elements of directing are:

1. **Supervision:** Overseeing employees to ensure that work is performed exactly as per the given instructions and plans.
2. **Communication:** The clear process of exchanging ideas, instructions, or information between the manager and subordinates.
3. **Leadership:** The ability to persuade, influence, and guide others to willingly work towards achieving organizational goals.
4. **Motivation:** Inspiring and encouraging employees to use their best capabilities to successfully achieve the specified objectives.

Q26. Mention any two qualities required for self-employment.

Answer –

1. **Self-confidence:** Having trust in your own decisions and abilities.
2. **Risk-taking Ability:** Readiness to face uncertainties.

Q27. State whether the following statements are True or False :

(a) The business environment is static in nature.

Answer – False

(b) The changes in business environment are unpredictable.

Answer – True

Q28. (a) What is financial leverage?

(b) How is it calculated?

Answer – (a) Financial leverage refers to the amount of debt in the capital structure of a business. It indicates **financial risk**. It means how much debt capital (such as debentures or loans) a company is using in comparison to equity shares in its total capital. If a higher amount of debt is used, the financial leverage is higher.

(b) How is it calculated?

Answer: Financial leverage is calculated by the following formula:

$$Financial\ Leverage = \frac{Earning\ Before\ Interest\ and\ \ Tax(EBIT)}{Earning\ Before\ tax\ (EBT)}$$

Here:

- **Earnings Before Interest and Tax (EBIT) :** This is also called Operating Profit.
- **Earnings Before Tax (EBT) :** This is the income after deducting interest but before paying tax.

Q29. Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are coordinated and interlinked and authority-responsibility relationship is established among various job positions. There is clarity on who is to report to whom. Name the function of management discussed above. Give its importance.

Answer – Name of Function: Organizing

Importance of Organising:

- **Establishes Authority and Responsibility:** It clearly defines the authority and responsibility of each employee, ensuring everyone knows who reports to whom.
- **Promotes Coordination:** It coordinates the activities of different departments to achieve the organisational objectives efficiently.
- **Ensures Effective Achievement of Objectives:** It helps in the proper utilisation of resources and enables the company to achieve its target of manufacturing 100 buckets per day.

Q30. Give two examples of advertising medium.

Answer – Two examples of advertising media are:

1. **Newspapers:** A widely used print medium that allows businesses to provide detailed information and reach a large, diverse local or national audience on a daily basis.
2. **Television:** A highly effective audio-visual medium that combines sight, sound, and motion to attract mass audiences and create a strong, memorable impact on consumers.

Q31. Name the following with reference to a joint-stock company:

(a) The official signature of a joint-stock company

(b) The elected representatives of the members who manage the day-to-day affairs of the joint-stock company

Answer – (a) Authorized Signature : Common Seal

(b) Elected Representatives : Board of Directors

Q32. Identify the following financial decisions:

(a) Decision relating to long-term investment in fixed assets

(b) Decision relating to short-term investment in current assets

Answer – (a) Long-term investment in fixed assets : Capital Budgeting Decision

(b) Short-term investment in current assets : Working Capital Decision

Q33. Differentiate Debt from Equity.

Answer – Debt is an external liability on which it is mandatory to pay interest at a fixed rate, whereas

Equity represents the company's own ownership funds on which dividends are paid only when there are profits.

Q34. Give one-word for the following:

(a) The component of marketing mix that relates to channels of distribution

(b) The component of marketing mix which persuades and influences the consumers

Answer – (a) Components related to distribution channels: Place/Physical Distribution

(b) Components influencing customers: Promotion

Q35. Name any two money market instruments.

Answer – Two common money market instruments are:

1. **Treasury Bill (T-Bill):** A highly secure, short-term borrowing instrument issued by the central government to meet its short-term financial requirements.
2. **Commercial Paper (CP):** An unsecured, short-term debt instrument issued by large and financially reputed companies to raise funds for their daily working capital needs.

SECTION - C

Q36. Give the full forms of the following:

(a) ECB

(b) FCCB

Answer – (a) ECB - External Commercial Borrowings

(b) FCCB - Foreign Currency Convertible Bonds

OR

Give the full forms of the following:

(a) SFI

(b) GDR

Answer – (a) SFI - State Financial Institutions

(b) GDR - Global Depository Receipts

Q37. State any two objectives of 'Make in India' initiative of the Government of India.

Answer – (a) To make India a global manufacturing hub.

(b) To promote investment in the country and create new employment opportunities.

OR

State any two benefits of 'Digital India'.

Answer – (i) To ensure the digital availability of government services, which increases transparency.

(ii) To reduce paperwork and speed up work through the internet.

Q38. State any two features of advertisement.

Answer – Two features of advertisement are:

1. **Paid Form of Communication :** Advertisement is a paid method of promoting a product or service. The advertiser pays money to newspapers, TV, radio, social media, or other media to show the advertisement.
2. **Non-Personal Communication :** Advertisement gives the same message to many people at the same time. There is no direct face-to-face interaction between the seller and the customers.

Q39. Explain the following terms of trade :

(a) Cash on Delivery (CoD)

(b) Free on Board (FoB)

Answer – (a) Cash on Delivery (CoD) : In this, the customer has to make the payment only when the goods reach their hands (at the time of delivery).

(b) Free on Board (FoB) : In this, the seller is responsible until the goods are loaded onto the ship; after that, the risk lies with the buyer.

Q40. Lalit has joined a manufacturing firm as a worker. He has recently started working on the shop floor. The management is quite liberal and has allowed the workers to form a hockey club. The workers assemble and play hockey in the evening after the completion of their work. Which type of organization is the hockey club? Give any one limitation of this form of organization.

Answer –

Type of Organization : Informal Organization.

Limitation : Rumors spread very quickly in this, which can adversely affect the work.

Q41. What is Public-Private Partnership form of organization? State its any one feature.

Answer – Meaning: It is a long-term agreement between the government and the private sector to provide public services (such as roads, schools).

Feature: In this, resources, risks, and rewards are shared by both parties.

OR

What is one-person company (OPC)? State its any one feature.

Answer – Meaning : A company that has only one person as its member or owner.

Feature : The liability of the member is limited, meaning their personal assets remain protected.

Q42. What is sales promotion? Name any two promotional tools used by business.

Answer – Sales Promotion means short-term incentives or activities used to increase the sale of a product or service. It encourages customers to buy the product quickly.

Any Two Promotional Tools:

1. **Discount :** Products are sold at a reduced price to attract more customers and increase sales.
2. **Free Samples :** Customers are given free samples of a product so that they can try it before buying.

OR

State any three objectives of sales promotion.

Answer – Three Objectives of Sales Promotion are:

1. **Increase Sales:** The main objective of sales promotion is to increase the sales of products in a short period.
2. **Attract New Customers:** It encourages new customers to try and buy the product.
3. **Clear Old Stock:** Sales promotion helps the business sell old or slow-moving stock by offering discounts or special offers.

Q43. Best Manufacturers Ltd. is a car manufacturing company. The production, sales and marketing departments need to work together to ensure smooth operations. The sales team promised early delivery of cars to customers, but the production team could not meet the deadlines due to delay in raw material supply. This led to customer dissatisfaction and a decline in the company's reputation.

(a) Which management function is missing in Best Manufacturers Ltd.?

(b) Mention any two problems which the company is facing because of the missing function.

Answer – (a) Missing Function: Coordination.

(b) Two Problems:

1. Delay due to a lack of harmony/synergy between departments.
2. Customer dissatisfaction and a decline in the company's popularity (brand image).

Q44. Explain the following: (a) Direct marketing (b) Internet marketing (c) Telemarketing

Answer – (a) Direct Marketing : Contacting customers directly to sell goods, such as through personal mail or phone calls.

(b) Internet Marketing : Advertising and selling products through social media, email, and websites.

(c) Tele-marketing : Using telephone calls to inform customers about products and take orders.

Q45. Explain the following:

(a) Planning is pervasive

(b) Planning is a continuous process

(c) Planning is futuristic

Answer – (a) Planning is Pervasive : It is required at every level of management.

(b) Continuous Process : A new plan must be created as soon as goals change; it never stops.

(c) Future-oriented (Forward-looking) : It is meant for the future so that upcoming challenges can be faced effectively.

OR

Explain the following:

(a) Objectives

(b) Strategy

(c) Policy

Answer – (a) Objectives : The end results that an organization seeks to achieve.

(b) Strategy : A comprehensive plan designed to win against competitors.

(c) Policy : General guidelines or rules established by management for decision-making.

Q46. What are consumer cooperative stores? State their merits.

Answer – **Meaning :** A shop formed by consumers together where goods are available at fair prices.

Benefits:

1. Elimination of middlemen.
2. Guarantee of purity and correct weight of goods.

Q47. Differentiate between WTO and GATT

Answer –

Feature	GATT	WTO
Nature	It was a **provisional agreement** with no legal status.	It is a **permanent international body** with a legal status.
Scope	Covered only trade in **goods**.	Covers trade in **goods, services, and intellectual property**.
Disputes	Dispute resolution was slow and weak.	Has a **fast and powerful** dispute settlement mechanism.
Frequency	Rules were applied through "rounds" of meetings.	Rules are permanent and binding for all members.

OR

What is a franchise form of retail trade? State its any three features.

Answer – Meaning : The right to conduct business by using the brand name and logo of a well-known company.

Features:

1. Royalty must be paid to the company.
2. Quality standards set by the company must be maintained.
3. The company provides training and support.

Q48. Explain the stages in online transactions.

Answer – Registration : Creating an account on the website.

Placing an Order : Adding items to the cart and confirming the order.

Payment : Making payment via credit card, net banking, or Cash on Delivery (CoD).

OR

What options are available for securing online transactions? Explain.

Answer –

- Keep passwords and PINs confidential.
- Use secure payment gateways (HTTPS).
- Do not perform transactions on Public Wi-Fi.

Q49. Sun Print India Ltd. makes greeting cards for different festivals and occasions and is flourishing well. During the time of Diwali and New year, the production and selling of cards reaches a new high. The company exists in an environment which is democratic and there are rules for every business firm. Once you step out of the company there are customers, competitors, government authority and almost everything one can think of. The company appears to have a promising future. However the firm will have to understand the close relationship between various elements of the business environment around it.

(a) In the above case, which dimension of business environment is highlighted?

(b) Why is it significant for the business to understand its environment?

Answer – (a) Dimensions of Business Environment : The above situation highlights the Political and Legal dimensions of the business environment. The reference to a 'democratic' setup indicates the Political Environment, reflecting the government's ideology and stability. On the other hand, the mention of 'rules and regulations' points toward the Legal Environment, within which every business firm must operate.

(b) Importance of Understanding the Environment : Understanding the environment is crucial for any business for the following reasons:

1. **Identification of Opportunities :** Environmental analysis helps a business identify future benefits or opportunities early, allowing it to gain the 'First Mover Advantage.'
2. **Identification of Threats :** It alerts the business to upcoming obstacles or external threats, enabling timely protective measures.
3. **Utilization of Resources :** By understanding the environment, a firm gathers only those resources that are in demand in the market, thereby reducing wastage.

Q50. Explain the steps in the process of planning.

Answer – Planning means deciding in advance what is to be done and how it is to be done for the future. The main steps of its process are as follows:

- **Setting Objectives :** First, the goals of the organization are clearly defined.
- **Developing Premises :** Certain assumptions and forecasts are made about the future.
- **Identifying Alternatives :** A list of various possible ways to achieve the goals is prepared.
- **Evaluation and Selection :** All alternatives are compared, and the best and most profitable method is chosen.
- **Implementing the Plan :** Finally, the plan is put into action and its progress is continuously monitored.

OR

Explain the process of organizing.

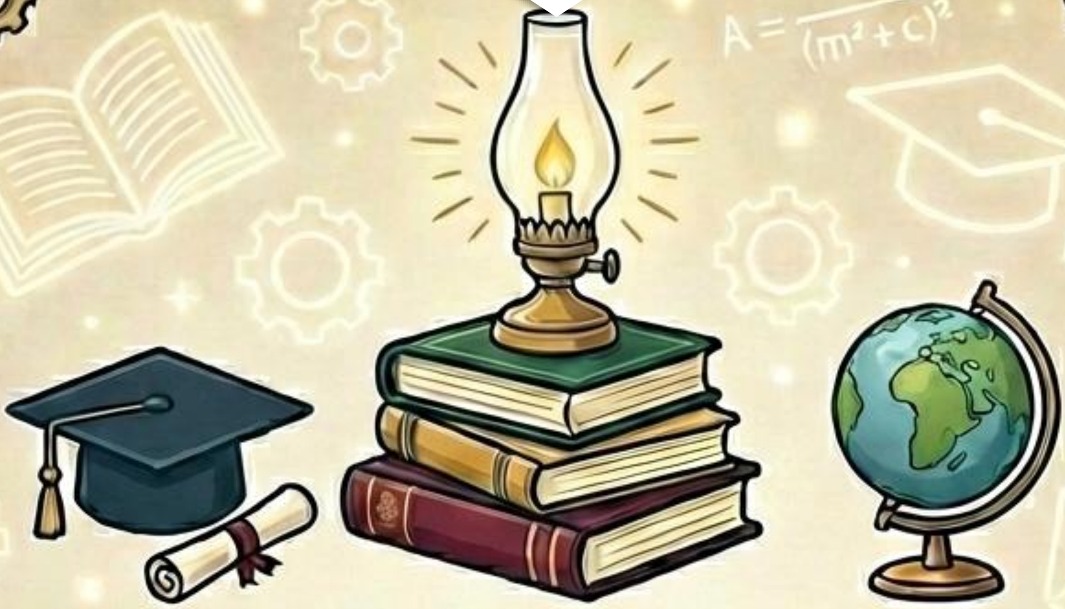
Answer – The purpose of Organizing is to ensure the proper utilization of resources and the distribution of work. Its process is as follows:

- **Identification and Division of Work :** The total work is divided into small and manageable tasks to increase specialization.
- **Departmentalization :** Tasks of a similar nature are grouped together to create separate departments (e.g., Finance, Sales).
- **Assignment of Duties :** Specific tasks and responsibilities are assigned to each employee according to their skills and qualifications.
- **Establishing Reporting Relationships :** It is clearly defined who will report to whom, creating a clear hierarchy.

Q51. Discuss the essentials of a sound financial plan.

Answer – An effective financial plan is one that efficiently meets the capital requirements of an organization. Its essential elements are as follows:

- **Simplicity :** The plan should be simple enough so that all concerned parties can understand it easily.
- **Liquidity :** Adequate cash should always be available to cover daily operations and emergency expenses.
- **Flexibility :** There should be scope to adjust the plan according to changing business circumstances.
- **Economy :** The cost of raising capital should be minimized so that profitability can be increased.
- **Full Utilization :** Capital should neither be inadequate nor remain idle.



NIOS PYQ's SOLUTIONS

PREVIOUS YEARS' QUESTIONS & ANSWERS

OCTOBER-2025

Your Path to Success

SECTION - A

Q1. Which of the following is a part of legal environment?

(A) Government policies towards business **(B) Companies Act 2013**

(C) Life expectancy rate **(D) Geographical factors**

Answer – (B) Companies Act 2013

Q2. The process of eliminating unnecessary controls and restrictions on the smooth functioning of the business enterprise is called:

(A) Liberalization **(B) Privatization**

(C) Globalization **(D) Indianization**

Answer – (A) Liberalization

Q3. Creating digital infrastructure, delivering government services digitally and digital literacy are the components of:

(A) Make in India **(B) Privatization**

(C) Digital India **(D) Globalization**

Answer – (C) Digital India

Q4. To provide goods of standard quality is the responsibility of business towards:

(A) Government **(B) Shareholders**

(C) Consumers **(D) Community**

Answer – (C) Consumers

Q5. It may create false sense of security among employees of an organization, in the sense that activities may take place as per plan, therefore, there is no need to worry.

(A) Planning **(B) Organizing**

(C) Staffing **(D) Directing**

Answer – (A) Planning

Q6. Identification of the activities to be performed is the first step of which of the following processes?

(A) Planning

(B) Organizing

(C) Selection

(D) Communication

Answer – (B) Organizing

Q7. The active process of entrustment of a part of work or responsibility and authority to another and the creation of accountability for performance is called:

(A) Organizing

(B) Delegation

(C) Decentralization

(D) Planning

Answer – (B) Delegation

Q8. The financial decision that is concerned with the procurement of funds is called:

(A) Investment Decision

(B) Dividend Decision

(C) Financing Decision

(D) Working Capital Decision

Answer – (C) Financing Decision

Q9. It deals with framing of financial policies in relation to procurement of funds, investment of these funds and administration of funds of a business enterprise to achieve its objectives:

(A) Financial Management

(B) Financial Decision

(C) Financing Decision

(D) Financial Planning

Answer – (A) Financial Management

Q10. It is also called fluctuating working capital:

(A) Gross Working Capital

(B) Net Working Capital

(C) Variable Working Capital

(D) Fixed Working Capital

Answer – (C) Variable Working Capital

Q11. Which of the following are called perpetual debentures?

(A) Redeemable Debentures

(B) Irredeemable Debenture

(C) Secured Debentures

(D) Unsecured Debentures

Answer – (B) Irredeemable Debenture

Q12. The funds which are not paid back within a period of one year are called as ______ sources of finance.

(A) Long-term **(B) Short-term**

(C) Medium term **(D) Both (A) and (C)**

Answer – (D) Both (A) and (C)

Q13. Which of the following is not included in 4Ps of marketing?

(A) Product **(B) Price**

(C) Publicity **(D) Place**

Answer – (C) Publicity

Q14. Those who act as a link between the producers and small traders are called:

(A) Middleman **(B) Wholesalers**

(C) Retailers **(D) Buyers**

Answer – (B) Wholesalers

Q15. They provide valuable information to the wholesalers about changes in tastes, fashion etc. of consumers.

(A) Manufacturers **(B) Agents**

(C) Advertisement **(D) Retailers**

Answer – (D) Retailers

Q16. An expression used as a disclaimer against clerical errors is called:

(A) E & OE **(B) FOB**

(C) COD **(D) CIF**

Answer – (A) E & OE

Q17. After-sales service is which stage in online transactions?

(A) First **(B) Third**

(C) Last **(D) Second**

Answer – (C) Last

Q18. The act of protecting information by transforming into an unreadable format is called:

(A) Virus **(B) Cryptography**

(C) Hacking **(D) E-Business**

Answer – (B) Cryptography

Q19. The opposite of traditional commerce model of B2C is called:

(A) C2B **(B) B2B**

(C) B2C **(D) C2C**

Answer – (A) C2B

Q20. The conversion of data into a code so that it cannot be read by other users is called:

(A) Password **(B) Authentication**

(C) Encryption **(D) Digital Signatures**

Answer – (C) Encryption

SECTION - B

Q21. State whether the following statements are true or false :

(i) The interaction between the business and its environment helps in identifying opportunities and threats to the business.

(ii) Environmental understanding does not help the business organizations in improving their image.

Answer – (i) True

(ii) False

Q22. Fill in the blanks:

(i) To ensure safety of investment is the responsibility of business towards its _________.

(ii) To develop sense of belonging is the responsibility of business towards its _________.

Answer – (i) Shareholders

(ii) Employees

Q23. Give one word answer with respect to types of plans:

(i) These clearly indicate what is to be done and what is not to be done in a given situation.

(ii) A general statement that guides decision making.

Answer – (i) Rules

(ii) Policy

Q24. Name the organizational concepts referred to in the following statements:

(i) The framework within which managerial and operating tasks are performed.

(ii) A systematic effort to delegate authority to all levels of management, and in all departments.

Answer – (i) Organizational Structure

(ii) Decentralization

Q25. Fill in the blanks:

(i) Capital structure includes _________ liabilities and _________ liabilities.

(ii) Financial structure includes _________ liabilities and _________ liabilities.

Answer – (i) Long-term, Share Capital

(ii) Long-term, Short-term

Q26. Name the types of investment decision stated in the following statements:

(i) Decision relating to long term investment in fixed assets.

(ii) Decision of short term investment in current assets.

Answer – (i) Capital Budgeting Decision

(ii) Working Capital Decision

Q27. Give answer in one word :

(i) The holders of these instruments are the creditors of the company.

(ii) The process of issuing fresh equity through private means.

Answer – (i) Debenture Holders

(ii) Private Placement

Q28. State whether the following statements are true or false :

(i) Shares are secured.

(ii) Debentures are generally unsecured.

Answer – (i) False

(ii) False

Q29. Give answer in one word :

(i) Short term and temporary incentives to purchase or induce trials of new goods.

(ii) It is a direct presentation of the product to the consumer or to the prospective buyer.

Answer – (i) Sales Promotion

(ii) Personal Selling

Q30. Which elements of promotion mix is being referred to in the following statements?

(i) It is a paid form of non-personal communication by an identified sponsor.

(ii) It includes tools like direct mail, telemarketing, internet marketing, etc.

Answer – (i) Advertising

(ii) Direct Marketing

Q31. Name the channel of distribution in the following cases:

(i) Sale of cars by MARUTI through company approved retailers.

(ii) Sale of water purifiers by a company directly through their own states staff.

Answer – (i) Indirect Channel/Retailers

(ii) Direct Channel

Q32. State whether the following statements are true or false:

(i) A wholesaler bears the risk of change in demand during storage.

(ii) Retail trade is normally carried out at central places.

Answer – (i) True

(ii) True

Q33. State whether the following are services to consumers or wholesalers by a retailer.

(i) Regular supply of goods

(ii) Market Information

Answer – (i) Consumer

(ii) Wholesaler

Q34. (i) Give the full form of 'ATM'.

(ii) Give the full form of 'PIN'.

Answer – (i) Automated Teller Machine

(ii) Personal Identification Number

Q35. State whether the following statements are true or false :

(i) Bank issue credit card only to those individuals who have a bank account.

(ii) Debit card is issued to individuals who do not have a bank account.

Answer – (i) True

(ii) False

SECTION - C

Q36. Define a 'small company' according to section 2(85) of the Companies Act, 2013.

Answer – According to Section 2(85) of the Companies Act 2013, a small company is any company other than a public company. Its paid-up share capital must not exceed ₹10 crores, and its turnover must not exceed ₹100 crores based on its last profit and loss account.

OR

Define a 'public company' according to section 2(71) of the Companies Act, 2013.

Answer – Under Section 2(71) of the Companies Act 2013, a public company is defined as a company which is not a private company. It must have a minimum paid-up share capital as prescribed by the government, and there is no maximum limit for paid-up share capital for a public company.

Q37. What is meant by 'Staffing'?

Answer – Staffing means hiring and developing human resources to perform various managerial and non-managerial tasks in a business. It involves finding out the manpower needs, and then recruiting, selecting, training, and developing the right people to smoothly run the organization.

OR

What is meant by 'Training'?

Answer – Training is an organized activity designed to improve the knowledge and technical skills of employees for a specific job. It helps both new and old workers learn better methods, perform tasks more efficiently, and easily adapt to their work environment.

Q38. Give the meaning of 'Price Discovery' as an important function of financial markets.

Answer – Financial markets act as a mechanism to determine the price of an asset. It is the process where the interaction between the demand and supply for financial assets helps in determining the fair price of the securities being traded.

OR

Identify and give the meaning of the money market instrument whose interest rate is called 'Call Rate'.

Answer – The instrument is **Call Money**. It is a short-term finance repayable on demand, with a maturity period is one day (overnight), used for inter-bank transactions where the interest rate paid is known as the call rate.

Q39. State the main purpose of 'advertising'.

Answer – The main purpose of advertising is to clearly communicate information about a product or service to a large number of potential buyers. It aims to persuade them to buy the product, thereby increasing sales and creating strong brand awareness.

Q40. Give the meaning of 'visible' and 'invisible' trade.

Answer – Visible trade refers to the import and export of physical goods that can be seen and touched, like machinery or clothing.

Invisible trade refers to the exchange of services, such as banking, insurance, and tourism, which are not physical in nature.

Q41. Define 'Self Employment'.

Answer – Self-employment is a situation where an individual uses their own efforts, resources, and skills to earn a living. It is a path to creating one's own business or profession to achieve economic independence and contribute to the national economy.

Q42. State any three points of importance of 'staffing' function of management.

Answer –

- **Getting Right People :** Staffing enables managers to find the exact number of workers required with the right qualifications and experience for the right job at the right time.
- **Improved Productivity :** Proper selection and training of workers ensure high-quality output and better performance levels.
- **Job Satisfaction :** Through training and fair appraisal, efficiency improves and employees feel assured of their career advancement, which keeps morale high.

OR

State two advantages and one drawback of internal sources of recruitment.

Answer – Advantages :

1. It is easier for managers to fill vacancies as they are familiar with the skills and work records of their current subordinates.

2. Employees feel happy and motivated because the management recognizes their performance through promotion.

Drawback : The organization is deprived of the benefit of inducting "fresh blood" or new talent with new ideas into its system.

Q43. Explain the relationship between 'planning' and 'controlling'.

Answer – Planning and controlling are closely interlinked because planning provides the necessary basis for control. Controlling involves comparing actual performance against the pre-determined objectives set during the planning process. If the results do not match, managers take corrective actions to ensure the plans are implemented correctly. Thus, without a plan, control has no objective or benchmark to measure progress against.

OR

Explain any three points of significance of coordination.

Answer –

1. **Integration :** Coordination integrates the activities of different departments and individuals to achieve the common objectives of the organization.
2. **Balance :** Coordination secures a perfect balance between various resources and the efforts of all employees.
3. **Harmonization :** It ensures that individual employee goals are well-harmonized with the department's goals, and departmental goals align perfectly with the overall organizational objectives.

Q44. State any three benefits of 'leadership'.

Answer –

1. **Influencing Behavior :** Leadership influences the behavior of people, making them willingly contribute towards the benefits of the organization.
2. **Building Confidence :** Leaders provide continuous support and guidance, which builds confidence among followers, increasing work speed and decreasing wastage.
3. **Team Spirit :** Through friendly and cooperative efforts, a leader builds team spirit and employee morale, which contributes significantly to higher productivity.

OR

State any three points of importance of directing function of management.

Answer –

1. **Guidance :** Directing guides and helps subordinates to complete their assigned tasks properly and on schedule.
2. **Motivation :** It provides the necessary inspiration to subordinates to complete their work satisfactorily and strive to do their best.
3. **Discipline :** Directing involves supervision and leadership, which are essential for maintaining discipline and rewarding those who perform well in the organization.

Q45. Explain any three qualities of a good salesman.

Answer –

1. **Physical Qualities :** A salesman should have good health and an energetic appearance to make a positive impression.

2. **Mental Qualities :** He must possess intelligence and sound judgment to understand consumer needs and handle difficult situations.

3. **Social Qualities :** A salesman must have good manners, politeness, and strong communication skills to interact effectively with customers and build lasting trust.

Q46. Explain any three points of importance of external trade.

Answer –

1. **Better Living Standard :** External trade provides access to a wider variety of goods, improving the quality of life.

2. **Resource Utilization :** It allows a nation to utilize its natural resources more effectively by exporting surplus goods.

3. **Economic Development :** It facilitates the import of necessary raw materials and advanced technology, which helps in the overall industrial growth of the country.

Q47. You have exported readymade garments to an importer in USA. Explain how will you secure payment from the importer.

Answer –

1. **Letter of Credit :** The exporter should request a Letter of Credit, which is a guarantee by the importer's bank ensuring payment upon the submission of correct shipping documents.

2. **Bill of Exchange :** The exporter can draw a Bill of Exchange, ensuring payment is made by the importer upon receipt of the documents, either at sight or after an agreed period.

3. **Role of Bank :** Banks act as secure intermediaries. They verify shipping documents and handle payments between the exporter and importer to eliminate the risk of non-payment.

Q48. Explain any five limitations of a joint stock company.

Answer –

1. **Difficult to Form :** The formation involves strict compliance with many legal formalities and regulations under the Companies Act.

2. **Control by a Group :** In practice, a small group of directors often controls company decisions. This often leads to the neglect of smaller shareholders' interests.

3. **Excessive Government Control :** Companies must comply with many laws; non-compliance leads to heavy penalties that disturb smooth operations.

4. **Delay in Decision Making :** Decisions often require approval from the Board of Directors or shareholders, which is time-consuming.

5. **Lack of Secrecy :** Business secrets are difficult to maintain as proceedings and financial reports are usually open to the public.

OR

Explain any five factors that should be kept in mind while choosing a form of business.

Answer –

1. **Ease of Formation :** A sole proprietorship is easiest to form, unlike a company which requires complex legal procedures.

2. **Availability of Large Resources :** If large capital and expert management are needed, a company is the best choice.

3. **Liability or Risk :** Investors prefer companies because liability is limited, whereas sole traders face unlimited personal risk.

4. **Stability :** A company has a perpetual existence regardless of the death or insolvency of members, ensuring better stability than partnership.

5. **Flexibility :** Sole proprietorship offers maximum flexibility, as the owner can change operations quickly without needing approval from others, unlike in a company.

Q49. Explain the various types of financial incentives.

Answer –

1. **Pay and Allowances :** Basic salary and dearness allowances paid to employees irrespective of their specific performance.

2. **Bonus :** Extra cash payment or rewards provided to employees in addition to their regular remuneration.

3. **Commission :** Specifically for the sales department, employees are paid a percentage based on their sales volume.

4. **Retirement Benefits :** Long-term security through Provident Fund, Pension, and Gratuity schemes.

5. **Perquisites :** Luxury facilities like rent-free accommodation, car allowance, or servant facilities provided by the employer to motivate the employees further.

OR

Explain the hierarchy of needs as given by Maslow.

Answer –

1. **Physiological Needs :** Basic requirements for survival like food, clothing, and shelter.
2. **Safety and Security Needs :** The desire for physical protection from accidents and economic security like a stable job.
3. **Social Needs :** The human need for love, affection, and friendship in society.
4. **Esteem Needs :** Also known as ego needs, these represent the desire for respect, status, and recognition.
5. **Self-actualization Needs :** The highest level of need, focusing on personal growth and the desire to become what a person is truly capable of becoming.

Q50. Explain the advantages of stock exchanges to society.

Answer –

1. **Capital Formation :** Stock exchanges encourage people to save and invest their money in productive ventures.
2. **Economic Growth :** They provide a platform for companies and the government to raise the huge capital needed for development projects.
3. **Optimum Allocation of Capital :** They ensure that capital flows into the most profitable and efficient industries.
4. **Price Discovery :** They provide a continuous and transparent market for securities, where prices are determined by supply and demand.
5. **Safety :** By operating under strict government regulations, stock exchanges protect investors and ensure fair trading practices.

Q51. 'With growing unemployment and lack of job opportunities self-employment has become very significant'. In the light of this statement explain any five points of importance of self-employment.

Answer –

1. **Employment Generation :** It provides a livelihood for the individual and creates job opportunities for others through small business expansion.

2. **Resource Utilization :** It helps in identifying and utilizing local raw materials and resources that might otherwise go to waste.

3. **Regional Balance :** It promotes industrial growth in rural and backward regions, reducing regional disparities.

4. **Self-Reliance :** It fosters a spirit of innovation, creativity, and self-reliance among the youth.

5. **Poverty Alleviation :** By requiring low capital and utilizing local skills, it helps the weaker sections of society achieve economic independence.

Thank you!

We hope you found this material helpful. We wish you the very best for your examination.

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